Finance Officer
Quantum University

Registrar
Quantum University

Finance & Accounts Manual

PREFACE

An accounts manual contains an outline of all of the pertinent accounting rules, procedures, and guidelines for an organization. It is developed internally by the organization and can be used as a reference tool, to cross-train associates, or to train newly hired personnel.

The Accounts Manual provides for general provisions and procedures to be followed by the University officials while dealing with the matters concerning finance and accounts. To bring efficiency and effective decision making, various processes have been rationalized and decentralized while ensuring the necessary internal controls and checks.

The rules, procedures, and guidelines contained in this Manual are primarily intended for the guidance of the Officers and staff employed for accounting work and prescribes the procedure to be followed in dealing with accounts and other financial matters. These rules are subject to amendment, modification and changes made by the competent authority from time to time.

CHAPTER – I

PURPOSE OF THE MANUAL

- To lay down a systematic framework through rules, procedures, guidelines to be followed in regard to respective accounting & financial matters.

- To ensure that the entire staff involved in the finance and accounting functions is fully aware of the guidelines and accordingly they take necessary action to ensure applying these functions systematically.

- To adhere to the generally accepted accounting principles and have no contradiction with the standards approved with regards to generally accepted accounting standards issued in this regard for managing University accounts.

- Ensure that Finance and Accounting guidelines are formed, documented and served as a single point reference for the staff of the department.

- To precisely and accurately adhere to implement clear and transparent procedures to account for financial operations in accordance with the authority matrix, policies and procedures of the institution.

- To document the financial principles and policies governing institution's accounting practices.

CHAPTER II

FUNCTIONS OF FINANCE & ACCOUNTS DEPARTMENT

The main objective of the Finance & Accounts Department is to provide the management with timely information to serve as a basis for managerial decisions, as also to continuously explore and recommend possibilities of reducing cost and increasing efficiency. The success of the Finance & Accounts department lies in its ability to deploy the modern management techniques for achieving this objective.

Finance & Accounts personnel should acquaint themselves with the functioning of the other departments to be able to appreciate the eco system in which the organization operates and decisions are taken and implemented.

The functions of the Finance & Accounts Department are grouped as follows:

1. Management of financial resources for meeting the Institute's programs, operations and capital expenditure.

2. Establishing and maintaining a system of financial scrutiny and internal checks and rendering advice on financial matters including examination of feasibility studies and detailed project reports.

3. Establishing and maintaining an appropriate system of budgetary control and reporting to different levels of the management.

4. Carrying out studies with a view to reducing expenditure, improving efficiency and profitability.

5. Maintaining the financial accounts in accordance with various statutory and other requirements.

6. Keeping the financial controls for effective utilization of available financial resources

CHAPTER III

BUDGETING

Budget indicates the estimated receipts and expenditure of the University under different heads in respect of a financial year. The Budget specifies the objects for and the limits up to which expenditure may be legally incurred during the course of a financial year. Its object is to exercise financial control over approved items of income and expenditure. In other words, it is an instrument of Financial Control.

Preparation of Budget is an exercise of advance planning. It is a tool of scientific management of resources of an organization with a time perspective. To be more precise budget is a statement of estimated annual revenue and expenditure duly approved by the committee.

Guidelines for Budget

- An annual budget, setting out the organization's financial plan for the financial year, should be prepared and presented by Head of Finance to the finance committee and other Board committees at least 60 days prior to the start of Financial Year

- Budgetary Requirements should be called from all the departments of the university in a specific format which is easy to compile & collaborate to have a combined budget of the university

- Annual Budget for the university must contain detailed recurring as well as non recurring expenditures.

- Any major capital expansion must be highlighted and must be supported by adequate documentation.

- All departments should document their requirements and submit the same to the Head of Finance. Their requirements should be categorized on the basis of priority of expenditure.

- Annual Budget must be prepared by Head of Finance after taking budgeted requirements from all other departments and the same should be incorporated taking in view the financial position of the university and availability of funds.

- The Finance Committee shall review and approve the recommended budget revenues, expenditures and cash flow.

Procedure to be Followed

(i) Head of Finance should issue budget circular/call for budget to Head of departments requesting them to forward their budget proposals for the ensuing year by a set date.

(ii) Receipt of budget proposals from Departments.

(iii) Preliminary examination by the Finance Department in consultation with the Registrar for the budgetary proposals before discussion with the Vice-Chancellor regarding the overall funds position and the over-all constraint within which the budget has to be drawn.

(iv) If considered necessary by the Vice-Chancellor, budget proposals can be reviewed with the concerned department before framing recommendations for consideration of the Finance Committee.

(v) Formulation of the budget estimates of the University under the overall guidance and directions of the Vice-Chancellor also drawing up revised estimates for the current year.

(vi) Submission of budget proposals and revised estimates to the Finance Committee. Approval by the Finance Committee with or without modifications.

(vii) Allocation of Budget to the Departments based on the approvals received from the Finance Committee.

(viii) Review of Budget and actual expenditure on half yearly basis and present the same before the committee for discussion

Preparation of Budget

Budgeting Receipts

The main revenue of the university is the fees received from the students. The estimates for receipts from students as fees etc. would be prepared on the basis of the anticipated number of students during the ensuing year.

Keeping in view the new courses introduced, expected increase in number of students, increase in the fee per course for the upcoming academic session, the calculations should be done to arrive at revenue generation from the fees of students.

Similarly, the estimates for other heads of income will be prepared for e.g. any grant to be received from any government or Non government agency, any specific research or other funding in terms of restricted or un-restricted funds, sponsorships etc.

In the case of earmarked (special) funds, the estimates for receipts will be prepared by respective departments and forwarded to the accounts department for compilation.

Budgeted Expenditures

As a part of estimating Expenditures, Budget should contain Recurring & Non Recurring Expenditure. Every expense should be reviewed in terms of last year expenditure and any specific requirement of the same expenditure in the current year. There should be adequate basis and calculation for increasing or decreasing a particular expenditure

The broad division of recurring expenditure is:

- **a)** Staff Payments and Benefits
- **b)** Academic Expenses
- **c)** Administrative and General Expenses
- **d)** Transportation Expenses
- **e)** Repair and Maintenance
- **f)** Finance Costs
- **g)** Other Expenses.

Thus, Budget has to be forecast under this broad division with sub-divisions.

The sub-divisions of these Major head are as follows:

- STAFF PAYMENTS & BENEFITS
  a) Salaries and Wages
  b) Allowances and Bonus
  c) Contribution to Provident Fund
  d) Staff Welfare Expenses
  e) Retirement Benefits
  f) Others

- ADMINISTRATIVE AND GENERAL EXPENSES
  a) Electricity and Power
  b) Water charges
  c) Insurance
  d) Rent, Rates, and Taxes (including Property Tax)
  e) Postage and Courier
  f) Telephone and Internet Charges
  g) Printing and Stationery
  h) Travelling and Conveyance Expenses
  i) Expenses on Seminar/Workshops
  j) Hospitality
  k) Auditors Remuneration
  l) Professional charges
  m) Advertisement and Publicity
  n) Magazines and Journals
  o) Other if any to be specified

- TRANSPORTATION EXPENSES
  a. Vehicles (owned by Institution)
     i) Running Expenses,
     ii) Repairs and Maintenance,
     iii) Insurance expenses and Taxes.
  b. Vehicles taken on rent/lease a)Rent/lease expenses

- REPAIRS AND MAINTENANCE
  a) Building
  b) Furniture & Fixture
  c) Plant & Machinery
  d) Office Equipments
  e) Others to be specified

- FINANCE COSTS
  a. Interest on fixed loans
  b. Interest on other loans
  c. Bank charges
  d. Others to be specified

- OTHER EXPENSES
  a. Provision for Bad and Doubtful Debts/Advances
  b. Irrecoverable Balances written off
  c. Others to be specified.

The broad division of Non-recurring expenditure is:

a) BUILDING (INCL. ELECTRICAL INSTALLATION, EXCL. REPAIR)
b) FURNITURE & FIXTURES
c) COMPUTER, PRINTERS & UPS (NEW PURCHASING, NOT AMCs)
d) SOFTWARES (NEW PURCHASES, NOT RENEWALS)
e) BOOKS & PERIODICALS
f) OTHER CAPITAL ASSETS

CHAPTER IV

GENERAL ACCOUNTING PRINCIPLES

Accounting concept refers to the basic assumptions, rules and principles which work as the basis of recording financial transactions. The main objective is to maintain uniformity and consistency in accounting records which constitute the very basis of accounting. Following are the universally accepted accounting concepts that are to be followed for recording transactions in the books of accounts of the university.

- Entity concept – The accounting records to be made in the books independent of stakeholder.

- Money measurement concept – All financial transactions are to be recorded in the currency of the country. Transactions which cannot be expressed in money terms are not to be recorded.

- Going concern concept – This concept assures that the entity will continue to carry on its activities for an indefinite period of time unless it is dissolved.

- Accounting cost concept – Accounting cost concept states that all assets are recorded in the books of accounts at their purchase price including cost of acquisition and installation and not at its market cost. Cost means original or acquisition cost only for new assets and for the existing one in use cost means original cost less depreciation.

- Dual aspect concept – This concept assumes that every financial transaction has a dual effect i.e., it affects two accounts in their respective opposite sides. Thus both the aspects are to be recorded in the books of accounts. Dual aspect is fundamental accounting equation: Assets = Liabilities plus Capital i.e., every transaction has an equal impact on assets and liabilities in a way that the total assets are always equal to total liabilities.

- Realization concept – This concept states that the revenue from any business transaction should be included in the accounting records only when it is realized. The term realization means creation of legal right to receive money

- Accrual concept – The meaning of accrual is something that has fallen due- that some expenses which have fallen due and income which has fallen due to be received within and relating to the accounting period. Thus, the accrual concept makes a distinction between the actual receipt and right to receive money as regards revenue and actual payment and obligation to pay money as regards expenses.

- Matching concept – This concept states that the expenses incurred to earn revenue related to a particular period must belong to the same accounting period. The implication of the concept is that all revenues earned during an accounting year whether received or not and all cost incurred whether paid or not during the year should be taken into account while ascertaining profit or loss for that year.

CHAPTER V

BASIS OF ACCOUNTING

The term 'basis of accounting' refers to the timing of recognition of revenue, expenses, assets and liabilities in accounts.

The commonly prevailing basis of accounting:

a. Cash basis of Accounting; and
b. Accrual basis of Accounting.

Accrual basis of accounting is the method of recording transactions by which revenue; expenses, assets and liabilities are reflected in the accounts in the period in which they accrue. The accrual basis of accounting includes considerations relating to accrual of income, provisioning of expenses, deferral, allocations like depreciation and amortization. This basis is also referred to as 'Mercantile Basis of Accounting.

Accrual basis of accounting records the financial effects of the transactions and other events of an institution in the period in which they occur rather than recording them in the period(s) in which cash is received or paid. Accrual basis recognizes that the economic events that affect an institution's performance often do not coincide with the cash receipts and payments. Apart from income measurement, accrual basis of accounting recognizes assets, liabilities or components or revenue and expenses for amount received or paid in cash in past, and amounts expected to be received or paid in cash in future.

CHAPTER VI

FINANCIAL TRANSACTIONS

(1) Receipts

a) Fees received from the students to be properly managed by the accounts department. It is the responsibility of the Head of the Finance to have complete record of the fee collection.

b) As a procedure, fee at the time of admission can be collected from the students in cash which should be deposited in bank account the very next working day.

c) As regards to fee for the next semesters, there should be adequate facilities to help students deposit their fee either online or directly deposited in Bank.

d) Fee should be properly accounted for in books of accounts. For every fee payment, receipt should be issued to the student.

e) If fee is paid online by the student then adequate arrangements should be there to provide automatic receipt to the student for fee payment.

f) Fee registers should be accurately maintained and available for audit all the times

g) Fee collection may be recorded as revenue on the basis of actual Receipt of the Fee

h) Academic Fee, Hostel fee, Transport Fee, Fine, Penalty should be accounted for separately in respective accounting heads.

(2) Payments

- All payments shall be made only on the basis of payment vouchers prepared & Authorized by the concerned departments, checked and approved by the Competent Authority.

- Payment shall be made only to the person named as payee in the voucher or to any person who is holding proper authority/ authorization in writing to receive such payments on behalf of such payee.

- Petty Payments can be made in cash with the approval of the competent authority, which shall not exceed Rs.10,000/- at a time. Payment exceeding Rs.10,000/- shall be made by NEFT/IMPS/RTGS crossed cheque or demand draft only as per the guidelines issued in this regard.

- Payment to suppliers/contractors etc., shall be made only by means of A/c payee Cheque/NEFT/RTGS and in exceptional cases by Demand Draft. No payments shall be made by means of bearer cheque/cash.

- All Cheques shall be signed only by the officers who are the authorized signatory. The person signing the cheque shall ensure that:

    a. The supporting payment vouchers have been passed by the competent authority.

    b. Names of the payee and the amount of the Cheques tallies with the particulars given in the relevant vouchers. The particulars in the cheque counterfoils are properly filled in.

    c. Cheque issue register should be maintained with particulars such as cheque no. date, Amount, &issued in favor of (drawee name).

    d. The person authorized to sign cheques must ensure that at no point of time a blank cheque is signed.

e. After the payment is made the payment vouchers shall be defaced by means of "Paid" stamp. In case of payment by cheque the cheque No. and date shall invariably be mentioned in the vouchers. All paid vouchers shall be given a serial number in sequence of the payment and shall be kept in proper custody by the Accounts Department.

f. All blank cheque books shall be kept under the custody of the Accounts Officer and a register containing the details of receipts and issues shall be maintained.

(3) Payroll

Payroll is prepared by the Personnel Department on the basis of attendance particulars. The pay details are compiled and an employee-wise summary of the same is prepared and sent to the Accounts Department for disbursement of salaries. Pay sheets prepared by the Personnel Department shows number of days worked with leave/absence particulars, the gross pay, deductions on account of PF, Advances and net pay entitlement.

Following points to be taken care of while payroll disbursement:

- Once the pay sheets are prepared such pay sheets are sent to the Accounts Department for scrutiny and passing them for payment and transfer through NEFT/RTGS to the respective employee account.

- After the pay sheet is passed for payment, a journal entry shall be passed and crediting the appropriate heads for various deductions. The net amount payable shall be credited to "Salary Payable".

- An advice shall be sent to the bank along with the list of employees stating their account numbers and the amount to be credited to the account of each employee, for all those who salaries are to be paid through the bank. Under no circumstances salary should be paid in cash.

- After the pay disbursement is over, the details of unpaid salaries/wages shall be furnished by the Accounts Department. Each and every item of the unpaid salary shall be verified by the Officer-In-Charge of the Accounts Department before the details are sent to the Personnel Department.

(4) Statutory Deductions

- The Income Tax Act imposes responsibility for deduction of Income Tax at source from salaries of the employees whenever the estimated income of the employee under the head salaries during the relevant year is likely to exceed the limit prescribed in the Act.

- As per the provision of the Act, any person responsible for paying salary shall at the time of payment deduct income tax at source on the amount payable at the rate prescribed for the financial year in which the payment is made on the estimated income of the employee.

- Before making deductions, the Accounts Department shall take into account the contributions made towards PF/NPS, LIC and other investments made by the employee. Tax is to be deducted proportionately every month. Any short deductions due to unforeseen circumstances shall be adjusted in the months of January and February every year.

- At the beginning of the year, the employee shall be asked to submit an estimate of the total income and the likely investments proposed to be made, the details of LIC Premium and other particulars on which they are eligible to avail deduction of IT. Deduction shall be allowed on the specified items while calculating tax to be deducted at source. The list is to be amended from time to time as per the changes in the IT act.

- The whole amount of Income Tax due must be deducted from the salary of the employee before the end of the financial year. Certificate for tax deducted at source shall be furnished to the employee.

- Provident Fund /NPS deductions shall be made at the rates prescribed under the PF/ NPS Act. The institution shall make deductions in respect of PF/NPS contributions from the Salaries of the employees and shall make matching contribution as prescribed.

(5) Accounting of Grants

University may receive various kinds of Grants from Central Government / State Government for capital expenditure or revenue expenditure or both. As per the Accounting Principle, Grants are divided into Revenue Grant or Capital Grant.

Grants received or receivable in respect of specific revenue expenditure shall be recognized as income in the accounting year in which the corresponding expenditure is charged to the Income and Expenditure Account. Grants received towards capital expenditure shall be accounted on actual receipt basis. Grants in the form of non-monetary assets (such as fixed assets / Land given at a concessional rate) shall be accounted for on the basis of the acquisition cost. In case a non-monetary asset is received free of cost, it shall be recorded at a nominal value.

Following points to be taken care of:

i) Receipt of grant is recorded in the Grant Register/ Grant File as well as in Cash Book / Bank Book and credited to relevant grant account. When expenditure is incurred from the Grant/Funds, payment entries are recorded in Grant Register against the concerned expenditure head.

ii) Specific Grant receipts will be accounted according to the nature of Grant i.e., Revenue Grant or Capital Grant. Expenses against the specified grants will be met out of the respective Grant.

iii) When grants received from Ministry, all such grants should be entered in the Grant Register. This register shows all the particulars relating to Grants like Sanction No. and date of issue of sanction order of Ministry, objective of grant, amount of grant, Bank name and Account No. in which grant is credited, balance amount, if any, remaining from Ministry, etc.

iv) To keep control over Grants received under various heads, a separate Register should be maintained. Under this Register each grant received under particular head is recorded in separate page (on the left side of Register) and release or expenditure related to that particular grant is also recorded on that page (on the Right side of Register). At last, at the end of the page Balance available

(6) Expenses Reimbursements

a) Employees must abide by the University's Expense Reimbursement policy. Travel and expense reports for mileage, meals, hotel, supplies, etc., will be maintained by each employee and then submitted to the head of department for approval which should further be submitted to the accounts department for reimbursement.

b) All parking and other expenditure receipts must be attached to the expense voucher as a condition for payment. Account department after further verification will reimburse the amount. Any expense above Rs. 5000/- will be reimbursed through cheque/account transfer only.

(7) Petty Cash

a) A petty cash imprest provides a systematic method for paying out-of-pocket expenses or day to day misc. petty expenses that are too small to be paid by cheque. University shall provide petty cash for day to day misc. expenses to the authorised person.

b) For that, the employee should submit the petty cash request to the accounts department duly verified by his/her Head of Department and accounts department in turn issue imprest amount for petty expenses.

c) These patty cash accounts should be reconciled with 15 days from the issue of amount and the maximum limit for petty cash amount should not exceed Rs. 10000/- in a single time.

(8) Insurance

Reasonable and adequate coverage will be maintained to protect the University's interests as well as the interest of University employees & students.

The following insurance policies shall be kept on a yearly basis:

a) Commercial Property, Contents and Machinery Break Down Policy
b) Directors and Officers Liability Insurance
c) Employee's Dishonesty Insurance
d) Employee's Accidental Insurance
e) Workers Compensation Insurance
f) Cash Handling Insurance
g) Students' Accidental Insurance

Insurance Policies shall be carefully reviewed by the University's Registrar and Head of Finance before renewal each year.

(9) Financial Powers

a) Governing Body may delegate or direct Board of Management/Finance Committee to delegate Financial Powers to various Head of Departments for the purpose of purchasing and /or requesting accounts department to initiate the payments on the request of the Head of Department.

b) The only purpose of delegation of financial powers must be the smooth day to day running of the University Affairs. However the appropriate authority should limit the financial powers to some extent so that after that limit any payment request should require Registrar/Vice Chancellor Approval. The same should be documented and a copy of the same should be submitted to Finance & Accounts Department time to time.

CHAPTER VII

BOOKS OF ACCOUNTS

Books of account should be maintained following the rules of Double Entry Book Keeping System and generally accepted accounting practices prevailing in India. University should maintain proper books of account with respect to:

(a) all sums of monies received and the matters in respect of which receipts take place, showing distinctly the amounts received from income generating activities and through grants and donations;

(b) all sums of money expended by the university and the matters in respect of which expenditure takes place;

(c) all assets and liabilities of the university

University should maintain following books of accounts

a) Receipt Book
b) Journal
c) Cash Book / Bank Book
d) Ledger

Moreover, following registers and other records like vouchers should also be maintained so as to give information in relation to:

1. Fees received from students (in respect of admission fee, tuition fee, library fee, examination fee, etc.)

2. Grants-in-aid received from various sources.

3. Scholarship and special stipends.

4. Funds such as building, library, laboratory, sports, furniture, equipments, endowment fund etc.

5. Immovable properties and other fixed assets.

The above list is illustrative only and not exhaustive. Proper books of account would not be deemed to be kept with respect to the matters specified therein:

a) if such books are not kept as are necessary to give a true and fair view of the state of affairs, income and expenditure and cash flows of the university, and to explain its transactions;

b) If such books are not kept according to the double entry system of accounting.

Books of accounts should be maintained in electronic mode with software like Tally, SAP, or other accounting software. Periodical backups of the electronic data should be kept for future verification and records. Whereas required necessarily, printouts of the data to be kept to safeguard the interest of the university

CHAPTER VIII

AUDIT OF BOOKS OF ACCOUNTS

Audit Mechanism

University should have an effective mechanism for conducting internal and external financial audit. Internal audits evaluate internal financial controls and accounting processes. It ensures compliance with laws and regulations and help to maintain accurate and timely financial reporting data. Whereas external audit extends the scope of audit towards finalizing the books of accounts and preparing financial statements strictly adhering to the accounting and auditing standards

Internal Audit

Appointment of Internal Auditors: University should appoint a firm of Chartered Accountants as Internal Auditors for carrying out internal audit.

Frequency of Internal Audit: Internal Audit should be carried out at least twice for a financial year.

Brief Process: Internal Audit should include thorough checking and verification of all transactions that are carried out in the financial year, scrutinize each and every Bill, Voucher, expense, payments, etc.

Internal Audit Report: If any discrepancy is found, the same should be brought to the notice of the finance head through internal audit report.

External Audit

Appointment of External Auditors: University should appoint a firm of Chartered Accountants as External Auditors for carrying out External audit.

Frequency of External Audit: The external audit should be carried out at the end of the Financial Year.

Brief Process: finalizing of books of accounts and preparation of financial statements. Scrutiny audits, test checks and reports discrepancies.

External Audit Report: Once the audit is completed, Financial Statements like Balance Sheet, Income & Expenditure A/c and Annexure are to be prepared. These audited financial statements are duly signed by the authorities of the management and External Auditor Firm. Then the audited financial statements are presented before the finance committee for approval in the next meeting.

The purpose of audit is to:

i) provide information to management that working is in accordance with the laid Rules, Regulations, Policies and Orders issued from to time by the competent authority;

ii) identify weakness/lapses/irregularities in the system and recommend improvements;

iii) suggest opportunities to reduce expenditure, increase revenues and better Infrastructure; and analyze & report the differences between actual and expected performance;

iv) Internal audit should be sufficiently independent of the activities which it audits, in order to enable the auditors to perform their duties in a manner that facilitates impartial and effective professional judgments and recommendations. Equally important is ensuring accountability for response to the advice and recommendations of Internal audit

Role and Scope of Audit

i) Study of accounting procedures prescribed for the Department with a view to ensure that they are correct, adequate and free from the defects

ii) Check that the prescribed procedures and the orders issued from time to time are implemented properly;

iii) Scrutiny and check of payments

iv) Investigation of important arrears and other connected records

v) Periodical review of all accounting records

vi) Pursuance/settlement of objections reported in internal audit notes issued by Internal Auditor by obtaining satisfactory explanation or regularization or adjustment

vii) Examine and report on irregularities pointed out by Audit

viii) Coordination with other Departments regarding Internal audit procedure

ix) Performance evaluation of important schemes and programmes, i.e. to see whether schemes are being executed and their operations conducted economically and schemes are result oriented.

CHAPTER IX

FINANCIAL STATEMENTS

The accounting process in an organization culminates in the preparation of its financial statements. The financial statements are intended to reflect the operating results during a given period and the state of affairs at a particular date in a clear and comprehensive manner. The following statements should form part of General Purpose Financial Statements of an educational institution:

- Balance Sheet
- Income and Expenditure Account
- Annexures to Balance Sheets
- Annexures to Income & Expenditure Account
- Notes forming part of financial statements

In the preparation and presentation of financial statements, the overall consideration should be that they give a true and fair view of the state of affairs of the university and of the surplus or deficit as reflected in the balance sheet and the income and expenditure account, respectively. The financial statements should disclose every material transaction, including transactions of an exceptional and extraordinary nature. The financial statements should be prepared in conformity with relevant statutory requirements, the accounting standards and other recognized accounting principles and practices.

CHAPTER X

BANK ACCOUNTS

The key points to consider while opening or operating any Bank account of the organization are as follows:

- All bank accounts must be in the name of the organization.
- No account may ever be opened in the name of an individual or individuals.
- New accounts may only be opened by a authorized document which must be documented. If required by bank, a board resolution should be passed by Board of trustees for opening new bank account.
- Changes to the bank mandate may only be made by a decision of the Board of Trustees, which must be documented.
- All cheques must be signed by authorized signatories
- The signatories are responsible for examining the cheque for accuracy and completeness.
- All Internet Bank Transfers must be authorized by two signatories.
- The signatories are responsible for examining the payment documentation (purchase invoice etc) prior to signing the cheque or authorizing an Internet Transfer.
- Blank cheques must never be signed.
- Signatories to the bank accounts would be the person whom the board or governing body authorizes with a resolution or through any other written document to be the authorized signatory of a bank account
- Each and every bank account should be reconciled periodically and at the end of financial year to show the true picture of the books of the accounts.

CHAPTER XI

BANK LOANS

Guidelines for availing Loans from Banks/Financial Institutions:

a) All Loan Requirements must be documented in annual budget by the finance committee and these must be approved.

b) If there is any major expansion in capital projects in financial year, the same if required can be processed by way of Loans from Banks. Loans should be preferred from Banks instead of Non-Banking Financial Institutions.

c) While applying for the loan from banks, approval must be taken. All Loans/Credit Facilities should be taken in the name of the organisation only and shall require signature of at least two signatories out of Chairman, Vice Chairman, Vice Chancellor

d) To arrange for the short term deficiencies in funds or If there arises any contingent situation which requires additional funds, the same can be arranged through short term funds/loans from bank but the approval of the committee should be taken for the same.

e) Bank Loan Interest & Instalments must be paid in time. Funds should be managed in a way to give priority to Bank Instalments.

f) If any Bank loan is paid off the proper documentation should take place for closure of Loans for example taking NOC from Banks, loan closure certificates from Bank etc.

CHAPTER XII

INTERNAL CONTROLS

Internal control is an arrangement which provides for proper division and definition of tasks and responsibilities, introduction of an appropriate accounting system and the institution of forms of internal check. By internal check is meant the checks on day to day transactions which operate continuously as part of the routine system whereby the work of one person is proved independently or is complimentary to work of another, the objective being the prevention or early detection of errors or fraud.

The following internal control points should be adopted relating to Accounting functions:

- Accounting of cash receipts and payments-
- Realization of receipts
- Sanctions to expenditure and authorization to disburse
- Disbursement of subsidy, scholarship and utilization
- Prompt making of entries in the books of accounts
- Evidence for substantiation of the entries in books of accounts
- Measures for periodical surprise check of physical cash
- Method matching Balance in the Bank with balance as per books of accounts
- Classification of capital and revenues

The process of internal control measures are as under:

1. Depositors; students and other parties depositing money should be requested to deposit only cheques/drafts or other electronic modes such RTGS/NEFT etc. Cash as such should be deposited only in exceptional cases.

2. Printed receipt from Tally Software or Bank counterfoils or other forms must be issued. Pay in slips for depositing in the Bank account should be retained as record in support of the deposit. This requires that the receipt is classified and recorded in the ledger.

3. Cheques/drafts and other direct credits should be checked from Bank Statement as appearing in the net-banking access. This check should be carried out next day or within few days of credit in the Bank and the pay in slip or -deposit receipt should be verified.

4. Similarly all cash receipt should be deposited in the Bank account every day before the close of business of Bank.

5. All Bank accounts should be reconciled with the Bank account in the books of accounts and a reconciliation as appearing in the Tally software be printed and kept in a separate file for audit purpose duly authenticated by the in charge, Accounts section. Un-cleared cheques deposited in the bank and cheques not presented by the beneficiaries should be closely checked to ensure that the same has been cleared or presented in subsequent month or months. Such clearance must be noted in the month's reconciliation to which the same relates. Long pending cases be carefully investigated and pursuedto ensure that there is no misappropriation or fraud.

6. Periodically, cash balance in hand should be surprised checked and results recorded to be produced to audit when called for. It will be advisable to obtain this through an external authority not related to the Institute administratively.

7. Payments must invariably be made by cheque or other E process such as RTGS/NEFT.

8. Before payment is made the relevant Bill is checked for correctness and submitted to the appropriate delegated authority and approval obtained.

9. The bill or claim or invoices for services obtained must be addressed to the name of the Institute and should have all details of Registration, PAN/TAN. It should be checked to see that the same bill/invoice has not been produced to claim any otherpayment.

10. After making payment the documents submitted in support of the claim, bill/invoice should be stamped/ written "PAID" and signed by the staff passing the bill for payment to prevent making a second payment on the same document/bill.

11. Investments made in the form of Term Deposit Receipts should be periodically verified and linked to the relevant ledger entries.

12. All letters/remittances through cheques/DDs received directly or through post should be opened by a responsible person in the Accounts section and action taken immediately to avoid delay.

13. It should be checked to see that only one cheque book for each bank account is in use and all cancelled cheques are retained in record for eventual check by Audit or other authorities.

CHAPTER XIII

REGISTERS / DOCUMENTS TO BE MAINTAINED

- All original documents relating to Registration with TAX authorities such TAN/PAN, Tax Registration, all other important documents relating to function of the University.

- Cheque Books register to record all cheque books received in bulk and taken for issue periodically. The Cheque books should be kept in the custody of the head of accounts section.

- Register of Earnest Money Deposit and entries made as and when relevant receipt or payment relating to parities is made in the relevant ledger accounts in a consolidated form. In this register, entries to be made party wise and receipt and payments linked to relevant entry in the ledger giving reference to relevant receipt/voucher number with details of contract or purpose of receiving EMD.

- Register of Security Deposit – Receipts and payments of Security Deposits party-wise and the purpose and relevant contract should be recorded inthis register.

- Register of Grant in aid- The number and date of sanction of Grant in aid under each classification such as General, Non recurring and Recurring should be separately recorded in this register. Receipt during the year under each head should be recorded under each classification. Annually, expenditure incurred under each head of account be recorded and unspent balance/deficiency be recorded on which basis Utilization Certificate be submitted to the Ministry/Grantor.

- Register of sponsored /Research and Development Projects. Number and date of sanctions for each project, Name of Grantor, Period of the project, amount of sanction, amount released during the year, name of the project, name of Coordinator along with break up details of grant as sanctioned for Capital expenditure and other recurring expenditure for each year should be recorded in this register. Amount of expenditure incurred each year and unspent balance/deficiency arrived for rendering Utilization Certificate to the Grantor authority.

- Register of Scholarship/free ship to indicate the name of the grantor, number and date of the sanction, amount of scholarship, period to which it relate, name of the student, Department and Semester details. Amount paid to the student amount adjusted towards hostel or other fees. Receipts and payments should indicate date and number of voucher. The total and net remaining balance should match with the Ledger balance.

- Daily Receipts Register – All receipts during a day will be recorded in this Register with classification of the receipts, Cheque/DD number of the deposit, Name of Bank, Ledger head of account, Receipt number allotted, and date of deposit in the Institutes account. Total as per head of account should match with Bank Account entry. This Register will be in Excel format.

- Daily Fee Register – Since Fees are paid into the bank and Students generate the medium of deposit from the net, receipt can be entered into the ledger in a consolidated form on a monthly basis. However, after making entries in to the ledger direct, the data can be exported to make this register in Excel form as readily available data. This register will be on the basis of Semester-wise, department-wise and Student-wise.